



DEPARTMENT OF LAW
CITY OF CHICAGO

February 5, 2019

Consumer Debtors' Bar
U.S. Bankruptcy Court
Northern District of Illinois

**Re: The City of Chicago's new "fresh start" payment plans.
*Municipal Code of Chicago, Ill. § 9-100-101 (eff. 1-1-19).***

Dear fellow bankruptcy practitioner:

I am pleased to inform you that the City of Chicago is now making available payment plans under a new ordinance ("Fresh Start" payment plans). *See* Muni. Code of Chicago, Ill. § 9-100-101(d)(2). These plans may provide many of your clients with a better option to discharge debts and obtain lasting relief from City tickets than chapter 13 bankruptcy.

General Guidelines.¹ "Fresh start" payment plans are available to any individual that is eligible for discharge in a pending chapter 7 bankruptcy case or has received a discharge in a chapter 7 bankruptcy case in the past. *See id.* "Fresh start" payment plans provide eligible bankruptcy debtors with the opportunity to pay just the initial fine amount for parking, standing, compliance, and camera tickets incurred in the 3-year period immediately preceding the debtor's bankruptcy petition date and up to the date of the enrollment in the plan. *See Exam-*

¹ This letter is provided for informational purposes only and is not binding on the City or any of its agents or representatives. The City may change its processes and guidelines under § 9-100-101 of the Municipal Code, or diverge from them, at any time.

ple 1 on **Attachment A**. A plan’s term may be up to 5 years, depending upon the total amount to be paid under the plan as shown in the following chart. *See also, id.* Examples 2-5.

General Guidelines		
Total Plan Debt	Monthly Payment	Plan Term
\$900 or less	\$25	Up to 36 Months
\$901 to \$3,600	1/36 of total plan debt	36 Months
\$3,601 to \$6,000	\$100	Up to 60 Months
\$6,001 or more	1/60 of total plan debt	60 Months

Once the eligible bankruptcy debtor completes all of the payments under the “fresh start” plan and has received a chapter 7 discharge, the following will be waived: (a) all parking, standing, compliance and camera tickets more than 3 years old as of the petition date; and (b) all penalties (including doubling for late payment), fees, and costs associated with the parking, standing, compliance and camera tickets incurred prior to the date the debtor entered into the “fresh start” payment plan (whether older than 3 years or not). *See* Muni. Code of Chi., Ill. § 9-100-101(d)(2).

Additionally, individuals that have incurred no fines in the 3-year look-back period may have all of their parking, standing, compliance, and camera tickets, as well as related penalties and costs, waived without making any payments to the City once they receive a chapter 7 discharge.² This is an extraordinary benefit for these individuals.

² Only one “fresh start” plan enrollment is available per chapter 7 bankruptcy case. In short, an individual cannot use the same discharge to enroll in “fresh start” plans repeatedly as she incurs new tickets.

Conversion from chapter 13. Debtors that are currently in a chapter 13 case are eligible to enroll in a “fresh start” payment plan, but only after converting to chapter 7. The 3-year look-back period begins at the original chapter 13 filing date.

Immobilized and Impounded Vehicles. Eligible bankruptcy debtors that have their vehicle booted or impounded due to unsatisfied fines may enroll. The City will (absent contrary direction from the trustee) release the debtor’s vehicle to her when she: (a) files a chapter 7 bankruptcy, (b) enrolls in a “fresh start” plan, and (c) makes a down payment of 25 percent of the total amount that must be paid in the “fresh start” plan. See Example 6 on **Attachment A**. As long as the Debtor remains current on her plan payments she will not be put on the boot list or have her license suspended.³

Directly Impounded Vehicles. Eligible bankruptcy debtors that have their vehicle directly impounded due to violations other than unsatisfied fines, such as driving on a suspended license, are eligible to enroll. However, “fresh start” plans do ***not*** apply to the administrative penalties imposed due to the violation that caused the direct impoundment. For example, if a vehicle was impounded because the driver was operating a vehicle with a suspended license, and the owner of the vehicle was assessed a \$1,000 administrative penalty for the violation, in order to obtain release of the vehicle through a “fresh start” plan, the owner of the vehicle must, prior to release of the vehicle: (a) file a chapter 7 case, (b) pay the \$1,000 administrative penalty, (c) pay 25 percent of the “fresh start” plan total, and (d) enroll in a “fresh start” plan to pay the remaining 75 percent. See Example 7 on **Attachment A**.

³ In the event an individual incurs additional tickets while enrolled in a “fresh start” payment plan, those tickets may not be rolled into that plan. Individuals may enroll in a separate non-“fresh start” payment plan for those tickets or pay them as they are incurred. If the individual does not pay or make arrangements to pay the additional ticket(s), the City may boot or impound the vehicle due to those tickets.

Enrollment Procedures.⁴

Step 1: Obtaining “Fresh Start” Payment Plan Terms.

E-mail Inquiry: Individuals interested in enrolling in a “fresh start” plan should email the City’s representative, Arnold Scott Harris, P.C., at ChicagoFreshStart@harriscollect.com. The email must provide the individual’s (a) name, (b) address, (c) driver’s license number, and (d) all known vehicle license plate numbers (past and present). If the individual’s vehicle has been booted or impounded, the email must state so and the reason for the impoundment (outstanding tickets or direct impoundment, *e.g.*, driving on a suspended license). The City will then respond with proposed “fresh start” plan terms.

Walk-Ins: Where email is not practical or the individual would like to simply walk into the payment center at 400 West Superior Street,⁵ she must bring all of the information required to be included in the email above with her. The individual must also provide contact information in order for the City to follow up with proposed payment plan terms as the City will not be able to enroll walk-ins immediately.

Step 2: Completing the Enrollment Process.

Contract Execution: Once an individual has obtained proposed “fresh start” payment plan terms, she will need to bring a copy of her filed bankruptcy petition, schedules, and statement of financial affairs, as well as her driver’s license, to 400 West Superior Street. The individual will be provided with a “fresh start” payment plan contract with the final terms. The “fresh start” payment plan will become effective once the contract is signed and the eligible debtor has made the first pay-

⁴ This two-step procedure is designed to allow individuals to obtain proposed terms from City *before* filing a chapter 7 petition. This allows individuals to determine whether this is the best option for them.

⁵ This is currently the only payment center enrolling individuals in “fresh start” payment plans.

ment (and any down payment for release of a vehicle), which is due upon execution of the contract. The individual may pay her initial payment and any down payment with cash, cashier’s check, or money order (from the USPS only). All subsequent monthly payments must be made payable to the “City of Chicago” and mailed or delivered to:

**Arnold Scott Harris, P.C.,
111 W. Jackson, Blvd., Ste. 600
Chicago, IL 60604**

Ultimately, the City’s “fresh start” payment plans may provide many of your clients with a better option to obtain lasting relief from City violations and other debts than chapter 13 bankruptcy, and do so with a lower monthly payment requirement. We sincerely hope that you will keep this option in mind when you advise your clients.

If you have any questions or concerns please feel free to contact me.

SINCERELY,



David Paul Holtkamp
Assistant Corporation Counsel Supervisor
Bankruptcy Unit, COAL Division
CITY OF CHICAGO,
DEPARTMENT OF LAW
121 N LaSalle St., Ste. 400
Chicago, IL 60602
p. (312) 744-6967
e. David.Holtkamp2@cityofchicago.org

Attachment A
(Examples)

Example 1. A debtor has \$4,000 in ticket related debt, including initial fines, late payment penalties, *etc.*, incurred more than 3 years prior to her bankruptcy petition date. She also has \$1,000 in ticket related debt incurred less than 3 years prior to her petition date, with half (\$500) representing initial fine amounts and the other half (\$500) representing the late payment penalties. Under a “fresh start” plan the debtor would only have to pay \$500. The terms would be \$25 per month for 20 months. *See* Examples 2-5. Once the debtor received a chapter 7 discharge and paid the \$500, the City would waive the entire \$4,000 of older debt, and would also waive the more recent late payment penalties of \$500.

Example 2. A debtor with \$900 in initial fines incurred within the 3-year look-back period will be required to pay the \$900 over 36 months at \$25 per month.

Example 3. A debtor with \$600 in initial fines incurred within the 3-year look-back period will be required to pay the \$600 over 24 months at \$25 per month.

Example 4. A debtor with \$703.33 in initial fines incurred within the 3-year look-back period will be required to pay the \$703.33 over 29 months at \$25 per month for 28 months and \$3.33 for a final month.

Example 5. A debtor with \$1,000 in initial fines incurred within the 3-year look-back period will be required to pay the \$1,000 over 36 months at \$27.78 per month.

Example 6. With the facts from Example 1 above, except that the debtor’s vehicle has also been impounded. To obtain release, the debtor would have to pay 25 percent of the total plan amount. Again, the plan amount would be \$500 so the required down payment would only be \$125 (25 percent of \$500). The remaining \$375 would then be paid under a plan at \$25 per month for 15 months. *See* Examples 2-5. Once the debtor received a chapter 7 discharge

and completed the plan, the City would waive the entire \$4,000 of older debt, and would also waive the more recent late payment penalties of \$500.

Example 7. With the facts from Example 1 above, except that the City impounded the debtor’s vehicle for driving on a suspended license, and the debtor therefore owes \$1,000 for administrative penalties in addition to the other amounts owed. To obtain release, the debtor would have to pay the \$1,000, plus 25 percent of the total plan amount (\$125), for a total of \$1,125. The remaining \$375 would then be paid under a plan at \$25 per month for 15 months. *See Examples 2-5.* Again, once the debtor received a chapter 7 discharge and completed the plan, the City would waive the entire \$4,000 of older debt, and would also waive the more recent late payment penalties of \$500.